

Message Text

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PAGE 01 STATE 138512

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INFO OCT-01 ISO-00 SSO-00 CCO-00 /031 R

DRAFTED BY EB/ITP/EWT:RBWRIGHT:BH

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EUR/SOV - MR. KOVNER (SUBS)

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S/S-O R.KUCHEL

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O 270355Z JUN 74 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW IMMEDIATE

INFO AMEMBASSY BRUSSELS IMMEDIATE

C O N F I D E N T I A L STATE 138512

EXDIS TOSEC 91

E.O. 11652: GDS

TAGS: ETRD, UR, US, ETRN

SUBJECT: POSSIBLE ISSUE FOR SUMMIT DISCUSSIONS - AIRCRAFT
NEGOTIATIONS

REF: MOSCOW 10018

1. WE HAVE KNOWN OF SENATOR JACKSON'S INTEREST IN AIRCRAFT
PROJECTS AND KNOW HE IS AWARE OF THE COMMERCE GUIDANCE
LETTERS, BUT NEITHER STATE NOR COMMERCE HAD KNOWN OF
LOCKHEED'S HAVING BEEN OBLIGED TO TURN OVER TO HIM A
COPY OF PRELIMINARY SOVIET PROPOSAL FOR AIRCRAFT PLANT.

2. SUBSTANCE OF APRIL 26 1974 COMMERCE LETTERS TO THREE
AIRCRAFT COMPANIES SUMMARIZED IN BACKGROUND PAPER ON QTE
AVIATION: COOPERATIVE PROJECTS UNQTE AND COPIES OF APRIL
26 LETTERS TO LOCKHEED AND OTHER TWO COMPANIES WERE POUCHED
TO EMBASSY MOSCOW. THE APRIL 26 LETTERS EACH CONTAINED
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PAGE 02 STATE 138512

THE BASIC ELEMENTS OF THE U.S. GOVERNMENT'S POSITION AS IT

HAD BEEN CONVEYED TO SOVIET MINISTER OF FOREIGN TRADE PATOLICHEV, AND THE LANGUAGE IS SUBSTANTIALLY IDENTICAL WITH THE GUIDELINES INCLUDED ON PAGE 2 OF THE BACKGROUND PAPER ON AVIATION.

3. IN ADDITION THERE WAS A SUBSEQUENT LETTER OF JUNE 7 TO BOEING WHICH CLARIFIED CERTAIN INADVERTANT OMISSIONS AND RESPONDED TO A REQUEST FOR CLARIFICATION AS FOLLOWS:

QTE YOU WISHED TO KNOW WHETHER IT IS DOUBTFUL THAT THE U.S. WOULD APPROVE THE JOINT DESIGN OF A DERIVATIVE OF AN EXISTING AIRCRAFT, I.E. DIFFERENT VERSIONS OF THE 747, L-1011 OR DC 10. THE PRECISE QUESTION OF WHETHER THE TRANSFER OF DESIGN INFORMATION ALONE WOULD BE APPROVED WAS NOT EXPLICITLY ADDRESSED BECAUSE WE DID NOT CONCEIVE IT LIKELY THAT A VENTURE WOULD BE UNDERTAKEN THAT WOULD INVOLVE THE JOINT DESIGN OF A DERIVATIVE OF EXISTING AIRCRAFT DIVORCED FROM SOME JOINT ACTIVITY RESPECTING PRODUCTION. OUR JUDGMENT NOW IS THAT IT IS DOUBTFUL THAT THE U.S. GOVERNMENT WOULD APPROVE THE JOINT DESIGN OF A DERIVATIVE OF AN EXISTING AIRCRAFT. UNQTE COMMERCE PLANS TO SEND SIMILAR LETTERS TO LOCKHEED AND MCDONNELL-DOUGLAS. ALTHOUGH IT HAS NOT YET DONE SO, IT HAS INFORMED THEM ORALLY.

4. AS REFLECTED ON PAGE 8 OF STATE ISSUES AND TALKING POINTS UNDER U.S.-SOVIET BILATERAL ECONOMIC ISSUES, WE THOUGHT IT POSSIBLE SOVIETS MIGHT RAISE QUESTION OF U.S.-U.S.S.R. COOPERATION IN CONSTRUCTION OF CIVIL AIRCRAFT MANUFACTURING FACILITIES BECAUSE U.S. POSITION CONVEYED TO U.S. COMPANIES AND TO SOVIETS FALLS SHORT OF INITIAL SOVIET EXPECTATIONS. IN LIGHT OF PRILL REPORT SOVIETS MAY WISH DISCUSS MATTER IN MORE DETAIL.

5. IF THE SOVIETS ARE MORE UP-BEAT IN THEIR ASSESMENT OF POSSIBILITIES FOR COOPERATION IN WIDE-BODIED AIRCRAFT THAN ORIGINALLY ENVISIONED BY THE TALKING POINTS, AND IF THEY SHOULD INQUIRE WHAT THE U.S.G'S ATTITUDE WOULD BE TO AN AGREEMENT BETWEEN A U.S. AIRFRAME MANUFACTURER AND THE U.S.S.R. FOR THE PRODUCTION OF CURRENTLY

CONFIDENTIAL

PAGE 03 STATE 138512

IN-USE U.S. WIDE-BODIED CIVIL AIRCRAFT IN THE U.S.S.R., FOR THE JOINT DEVELOPMENT AND/OR PRODUCTION OF A DERIVATIVE OF SUCH AN AIRCRAFT IN THE U.S.S.R., OR THE JOINT DESIGN AND/OR PRODUCTION OF A NEW AIRCRAFT IN THE U.S.S.R., YOU SHOULD STATE

-- MY GOVERNMENT MAINTAINS THE POSITION WHICH WAS COMMUNICATED TO MINISTER PATOLICHEV IN FEBRUARY THAT WE

ARE DOUBTFUL THAT WE WOULD BE IN A POSITION TO LICENSE U.S. FIRMS TO PARTICIPATE IN THE JOINT DESIGN OF NEW AIRCRAFT OR IN THE DESIGN OR CONSTRUCTION OF AN INTEGRATED AIRCRAFT MANUFACTURING FACILITY IN THE SOVIET UNION.

-- MY ADVISORS INFORM ME THAT AT THIS TIME IT PROBABLY WOULD NOT BE POSSIBLE TO APPROVE EXPORT LICENSES TO PERMIT THE PRODUCTION IN THE U.S.S.R. UNDER LICENSES FROM AN AMERICAN AIRFRAME MANUFACTURER OF A WIDE-BODIED AIRCRAFT OR A DERIVATIVE THEREFROM WITHOUT TRANSFERRING PRODUCTION TECHNOLOGY OF A MILITARILY SENSITIVE NATURE.

6. IF THE SOVIETS SHOULD EXPRESS DISAPPOINTMENT WITH OUR EXPORT CONTROL POLICY GUIDELINES RELATING TO U.S.-U.S.S.R COOPERATION IN THE CONSTRUCTION OF CIVIL AIRCRAFT MANUFACTURING FACILITIES IN THE U.S.S.R., YOU SHOULD STATE THAT

--WITHIN OUR EXPORT CONTROL GUIDELINES, WHICH HAVE BEEN EXPLAINED BOTH TO THE U.S. COMPANIES INVOLVED AND TO THE SOVIET AUTHORITIES, THERE REMAINS CONSIDERABLE SCOPE FOR U.S.-SOVIET COOPERATION IN THE CIVIL AVIATION FIELD.

--I BELIEVE THE INGENUITY OF INTERESTED AMERICAN FIRMS AND SOVIET ORGANIZATIONS CAN DEVELOP PROJECTS FOR THE PRODUCTION OF CIVIL AIRCRAFT COMPONENTS WHICH DO NOT INVOLVE SENSITIVE MILITARY TECHNOLOGY, AND I WOULD HOPE THAT THE SOVIET AUTHORITIES WILL THOROUGHLY EXPLORE THESE POSSIBILITIES. SISCO

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